

CMS Manual System

Department of Health &
Human Services

Pub 100-04 Medicare Claims Processing

Center for Medicare and &
Medicaid Services

Transmittal 556

Date: MAY 6, 2005

Change Request 3822

NOTE: Transmittal 547, dated April 29, 2005, is being rescinded and replaced by Transmittal 556, dated May 6, 2005.

SUBJECT: Revision to the Health Professional Shortage Area (HPSA) and Physician Scarcity Area (PSA) Payment Rules

I. SUMMARY OF CHANGES: This revision will allow the payment of the bonus on just the professional component of services that have a professional component/technical component indicator of 1, (Diagnostic Services or Radiology Services), even when a global service code is submitted. Carriers shall continue to reject as unprocessable services that have a PC/TC of 4. This Change Request also creates a process whereby physicians can choose to not receive any PSA or HPSA bonus payments on services that would otherwise be eligible.

NEW/REVISED MATERIAL :

EFFECTIVE DATE : For claims received on or after October 01, 2005

IMPLEMENTATION DATE : October 03, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – Only One Per Row.

R/N/D	Chapter / Section / SubSection / Title
R	12/90/90.4.5/Services Eligible for HPSA and Physician Scarcity Bonus Payments

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 556	Date: May 6, 2005	Change Request 3822
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SUBJECT: Revision to Health Professional Shortage Area (HPSA) and Physician Scarcity Area (PSA) Payment Rules

I. GENERAL INFORMATION

A. Background: Currently, physicians may not receive the HPSA or PSA bonus payments on globally billed services. This revision will allow the payment of the bonus on just the professional component of services that have a professional component/technical component indicator of 1, (Diagnostic Services or Radiology Services), even when a global service code is submitted. Carriers shall continue to reject as unprocessable services that have a PC/TC of 4. The physician will need to resubmit these services with the appropriate code in order to receive the bonus payments. This CR also creates a process whereby physicians can choose to not receive any PSA or HPSA bonus payments on services that would otherwise be eligible. Effective for claims received on or after October 1, 2005, carriers and MCS shall no longer use the list of physicians developed per Change Request 3827 which allowed physicians to receive only the payments for services and no bonus payments when they chose to bill globally. Effective for claims received on or after October 1, 2005, should physicians choose to receive no PSA or HPSA bonus payments on any eligible services, they will need to contact their carrier to let them know.

B. Policy: This revision does not change the current policy for the type of services eligible for HPSA and PSA bonus payments.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3822.1	Effective for claims received on or after October 1, 2005, when carriers and standard systems receive a claim for a service with a PC/TC of 1, and the service is provided in a			X			X			

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	HPSA or PSA bonus payment area, they shall accept the claim.									
3822.2	<p>To calculate the bonus payment amount, they shall first calculate a payment amount based on the global service. They shall then calculate the bonus amount by determining what the percentage relationship is on the Medicare physician fee schedule between the professional and technical components of that service. They shall apply the percentage of the professional component to the payable service amount and pay the bonus based on that amount.</p> <p>For example:</p> <p>The submitted charge for the global payment is \$100 for a service eligible for a HPSA bonus. The payable amount is \$80. The professional component is 30% of the global amount, i.e., \$24. The bonus payment would be 10% of \$24, i.e., \$2.40.</p>			X			X			
3822.2.1	The deductible that was actually applied to the globally billed service shall be apportioned by the percentage based on the ratio of the professional component fee schedule amount to the globally billed fee schedule amount.			X			X			
3822.2.2	Any MSP payments shall be applied and apportioned in the same manner.			X			X			
3822.3	Carriers shall continue to reject as unprocessable services that have a PC/TC of 4.			X			X			

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3822.4	The carriers and standard systems shall make any necessary revision to their systems to be able to calculate the bonus payment just for the professional component of the service. This action shall be taken for bonuses paid automatically as well as bonuses paid based on the submission of the QB, QU, or AR modifiers.			X			X			
3822.5	Effective for claims received on or after October 1, 2005, upon notification from physicians that they do not want to receive bonuses on any eligible HPSA or PSA services, carriers and standard systems shall make accommodation in their systems so those physicians shall receive no bonus payments.			X			X			
3822.5.1	This shall be made effective within 2 weeks of the date of notification and shall continue until the physician directs otherwise. Notification can be received by phone, mail, or e-mail.			X			X			
3822.6	Effective for claims received on or after October 1, 2005, carriers and MCS shall no longer use the list of physicians developed per CR 3827 which allowed physicians to receive only the payments for services and no bonus payments when they chose to bill globally.			X			X			

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3822.7	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.			X						

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
CR3827	Override of Automated HPSA and/or PSA Bonus Payments for Globally Billed Services

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: For claims received on or after October 1, 2005 Implementation Date: October 3, 2005 Pre-Implementation Contact(s): Leslie Trazzi, 67544 Post-Implementation Contact(s): Appropriate Regional Office	No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.
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90.4.5 - Services Eligible for HPSA and Physician Scarcity Bonus Payments

(Rev.556, Issued: 05-06-05, Effective: 10-01-05, Implementation: 10-03-05)

A - Information in the Professional Component/Technical Component (PC/TC) Indicator Field of the Medicare Physician Fee Schedule Database

Carriers use the information in the Professional Component/Technical Component (PC/TC) indicator field of the Medicare Physician Fee Schedule Database to identify professional services eligible for HPSA and physician scarcity bonus payments. The following are the rules to apply in determining whether to pay the bonus on services furnished within a geographic HPSA or, physician scarcity bonus area. *Should carriers receive notification from physicians that they have chosen to forego the bonus payments, the carriers shall make no bonus payments to that physician for any service.*

PC/TC Indicator	Bonus Payment Policy
0	Pay bonus
1	<p>Globally billed. Only the professional component of this service qualifies for the bonus payment. The bonus cannot be paid on the technical component of globally billed services.</p> <p>ACTION: <i>Effective for claims received prior to October 1, 2005, carriers return the service as unprocessable and notify the physician that the professional component must be re-billed if it is performed within a qualifying bonus area. If the technical component is the only component of the service that was performed in the bonus area, there wouldn't be a qualifying service.</i></p> <p><i>Effective for claims received on or after October 1, 2005, carriers shall accept claims with services with a PC/TC indicator of 1 that are eligible for the HPSA or PSA bonus. They shall pay the bonus only on the professional component of the service.</i></p>
1	Professional Component (modifier 26). Carriers pay the bonus.
1	Technical Component (modifier TC). Carriers do not pay the bonus.
2	Professional Component only. Carriers pay the bonus.
3	Technical Component only. Carriers do not pay the bonus.
4	Global test only. Only the professional component of this service qualifies

PC/TC Indicator	Bonus Payment Policy
	for the bonus payment. ACTION: Carriers return the service as unprocessable. They instruct the provider to re-bill the service as separate professional and technical component procedure codes.
5	Incident to codes. Carriers do not pay the bonus.
6	Laboratory physician interpretation codes. Carriers pay the bonus.
7	Physical therapy service. Carriers do not pay the bonus.
8	Physician interpretation codes. Carriers pay the bonus.
9	Concept of PC/TC does not apply. Carriers do not pay the bonus.

NOTE: Codes that have a status of “X” on the Medicare Physician Fee Schedule Database (MFSDB) have been assigned PC/TC indicator 9 and are not considered physician services for MFSDB payment purposes. Therefore, neither the HPSA bonus payment nor the physician scarcity area *bonus payment* will be paid for these codes.

B - Anesthesia Codes (CPT Codes 00100 Through 01999) That Do Not Appear on the MFSDB

Anesthesia codes (CPT codes 00100 through 01999) do not appear on the MFSDB. However, when a medically necessary anesthesia service is furnished within a HPSA or physician scarcity area by a physician, a HPSA bonus and/or physician scarcity bonus is payable.

To claim a bonus payment for anesthesia, physicians bill codes 00100 through 01999 with modifiers QY, QK, AD, AA, or GC to signify that the anesthesia service was performed by a physician along with the QB or QU modifier when required per §90.4.3 *or the AR modifier as required per §90.5.3.*

C – Mental Health Services

Physicians’ professional mental health services rendered by the provider specialty of 26 – psychiatry, are eligible for a HPSA bonus when rendered in a mental health HPSA. The service must have a PC/TC designation per the chart above. Should a zip code fall within both a primary care and mental health HPSA, only one bonus must be paid on the service.